UNITED NATIONS **TD**

United Nations Conference on Trade and Development

Distr.
GENERAL

TD/B/49/4
TD/B/WP/151
25 June 2002

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Working Party on the Medium-term Plan
and the Programme Budget
Thirty-ninth session
Geneva, 16–20 September 2002
Item 3 of the provisional agenda

REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

Executive summary

In 2001, the emphasis in UNCTAD technical cooperation continued to be on capacity building with a commensurate focus on sustainability, beneficiary ownership and partnership. Activities were designed in the context of the needs and requirements of beneficiaries, as dictated by the state of their economies and as identified by themselves. They were implemented in partnership and cooperation with a wide array of international development organizations and agencies, and regional and subregional institutions. Efforts were made to enhance cooperation and coordination of activities with other providers of trade-related technical assistance. Development aid strategies continued to be redefined and more donors are placing emphasis on poverty reduction and inclusion of trade and investment-related technical assistance in their development aid. Services were provided in the light of UNCTAD's supply capacity, and in that respect complementarities between the analytical work of the secretariat and operational activities, and value added and resource allocations needed to be carefully weighed. Measures have been taken to enhance the management of technical cooperation. Solutions were found for the financial sustainability of selected programmes. Priority continued to be given to activities in favour of LDCs. In 2001, contributions to UNCTAD trust funds amounted to $18 million, reflecting a 3.5 per cent decrease over the previous year. Overall expenditures on technical cooperation fell by 3.7 per cent to $23.2 million, mainly on account of the reduction in UNDP-supported projects. Country and regional project expenditures both in Africa, and in Asia and the Pacific also fell. UNCTAD contributed to the revamped Integrated Framework in which diagnostic trade integration studies for the three initial countries in the Pilot Scheme were completed and national workshops were held. The Pilot Scheme was extended to cover 11 new countries. The UNCTAD Programme on Capacity Building and Technical Cooperation in Support of the WTO Doha Work Programme was developed in early 2002. Timely implementation of the programme is constrained by limited resources. An in-depth evaluation of capacity building in UNCTAD technical assistance programmes was carried out. The present report contains a set of recommendations for consideration by the Working Party and the Trade and Development Board.

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CONTENTS

		Page
Introduction		4
I.	General context in which UNCTAD technical cooperation takes place and main developments	4
	A. Development dimension	4
	B. Focus on capacity building	5
	C. Partnership: cooperation with other organizations	5
	D. Evolution in development aid	6
	E. Supply and demand	7
	F. Allocation of resources: value added	8
	G. Internal review	8
	H. Financial sustainability of selected programmes:	9
	I. Indicative Plan	9
II.	Overview of activities in 2001	10
	A. Main areas of delivery	10
	B. Trends in the mobilization of resources and in expenditures	12
III.	Selected programmes	17
	A. JITAP	17
	B. Integrated Framework	17
	C. UNCTAD/UNDP Global Programme for Globalization, Liberalization and Sustainable Human Development	18
	D. UNCTAD post-Doha programme on capacity building and technical cooperation	18
IV.	Evaluation	19
V.	Conclusions and recommendations	19

Tables

1.	UNCTAD trust fund contributions, 1995–2001	12
2.	UNCTAD's total expenditure on technical cooperation, and source of funds, 1990, 1995–2001	14
3.	Technical cooperation expenditure, by region and by programme, 2001	15
4.	Technical cooperation activities, by Division/Programme, 2001	16

Charts

1. Trends in mobilization of UNCTAD's technical cooperation, by source of funds, 1972–2001 13
2. Origin of trust fund contributions 14
3. Expenditure by source of funds 14
4. Technical cooperation expenditure, by region, 1996–2001 16

Boxes

1. Strengthening trade capacity for development 6
2. Trade-related capacity building: Perspective of a donor: case of the United Kingdom 7

INTRODUCTION

1. The present report is intended to facilitate the Trade and Development Board's annual policy review of the technical cooperation activities of UNCTAD in 2001. It was prepared in accordance with paragraph 107(b) of "A Partnership for Growth and Development" (TD/378/Rev.1), adopted at UNCTAD IX.

2. The report will also be submitted to the Working Party on the Medium-term Plan and the Programme Budget for its forthcoming review of technical cooperation activities undertaken by UNCTAD in 2001. The results of the Working Party review will be before the Board.

3. The scope of UNCTAD's technical assistance in 2001 was influenced in the earlier part of the year by the preparations for the Third United Nations Conference on the Least Developed Countries (LDC III) and in the latter part of the year by the preparations for the Fourth WTO Ministerial Conference. While activities in areas not having a direct bearing on those Conferences continued, certain activities in the areas of trade and investment focused on preparatory work related to those meetings and to some extent to their follow-up, without losing sight of other ongoing technical cooperation work.

I. GENERAL CONTEXT IN WHICH UNCTAD TECHNICAL COOPERATION TAKES PLACE AND MAIN DEVELOPMENTS

4. UNCTAD's technical cooperation activities are designed and implemented to address fundamental long-term questions of the structure, scope and substance of interrelated trade, investment and development issues in the following four main areas: (a) globalization and development; (b) investment, technology and enterprise development; (c) international trade in goods, services and commodity issues; and (d) services infrastructure for development and trade efficiency.

A. Development dimension

5. UNCTAD is a development organization and as such its technical cooperation support to developing countries and countries with economies in transition is dictated first and foremost by the state of economic development of those countries. Therefore, its activities in 2001 continued to take place against a background characterized by a developing countries' persistently low share in world trade and investment, their continued external debt burden, the inadequate performance of their enterprise sector, and insufficient trade-supporting services such as trade facilitation, transport, customs, human resources development and business information. Although the share of developing countries in world trade and investment in the aggregate has grown substantially in the past few years, only a few countries accounted for that growth. The total outstanding long-term debt of developing countries stood at around $2,000 million at the end of 2001. The technological gap between developed and developing countries continued to be wide, and the enterprise sector could not make its full contribution to the process of economic development. Many developing countries remained highly dependent on commodities, while only a few were able to benefit from commodity-based diversification. The above situation led to increased demand for UNCTAD technical cooperation services, as the purpose of UNCTAD technical cooperation assistance is enhancement of trade and investment performance in developing countries and countries with economies in transition with a view to achieving sustained economic growth and development.

B. Focus on capacity building

6. In 2001, technical cooperation services continued to follow the main policy objectives of UNCTAD technical cooperation, which is focused on capacity building in trade, investment and development. Therefore, formulation and implementation of projects and programmes followed the guiding principles of capacity building and sought to build sustainable capacity rather than implementation of scattered activities and segmented initiatives. The concept of sustainability necessitated that ownership and commitment by beneficiaries remain the priority. This is achieved through consultations with beneficiaries that ensure that activities are demand-driven, and are exclusively based on beneficiaries' needs and requirements, as dictated by state of the economy of the country and/or the region. The process of consultations involves not only Governments but also other national stakeholders, including the private sector, NGOs and civil society, whose role in the design, monitoring and implementation of trade and investment strategy and policy has hitherto been largely adhoc and limited.

C. Partnership: cooperation with other organizations

7. A major element of capacity building, i.e. the concept of partnership in technical cooperation, calls for enhanced cooperation and coordination of activities with other agencies. With regard to UNCTAD, such cooperation takes place mainly with other providers of trade and investment-related technical assistance. The complexity and the range of issues involved in the administration of trade and investment imply challenges for developing countries to which no single agency can respond individually. Agreements among agencies that provide trade and investment-related technical assistance on the objectives and sequencing of activities based on a clear division of labour in conformity with their proven expertise and comparative advantage can render the assistance more effective. There is therefore a need for an integrated approach in that efforts by one agency, as identified in accordance with the above division of labour, should be supported by efforts of other relevant agencies. Moreover, given the magnitude of requirements for trade-related technical assistance, the amounts at the disposal of multilateral agencies are small. This situation also adds to the necessity for enhanced partnership among providers of trade and investment-related technical cooperation to optimize value through creation of economies of scale.

8. In 2001, UNCTAD technical cooperation programmes continued to collaborate closely and coordinate their activities with relevant organizations and agencies, including regional economic commissions, UNDP, the World Bank, WTO and ITC. Cooperation also took place with the European Commission, and the secretariat of OECD as well as with the subregional groupings of developing countries, such as ASEAN, ECO, ECOWAS, SADC, COMESA and MERCOSUR. UNCTAD cooperated and coordinated its activities with, among others, FAO, WIPO, WTO and ITC on issues related to trade analysis and systemic issues; with the Common Fund for Commodities on activities related to commodity issues; with UNEP on trade and environment issues; and with the OECD secretariat in the area of competition law and policy. In the area of investment the main partners are WTO, UNIDO, the World Bank Group and the International Chamber of Commerce. The ASYCUDA programme works closely with the World Customs Organization and the DMFAS programme with the World Bank and IMF. The above listing is illustrative of the main areas of cooperation, without being comprehensive.

9. There has been growing involvement of the private sector and NGOs in the technical cooperation activities of UNCTAD. Currently, these entities are involved in the formulation and

implementation of activities with UNCTAD as full-fledged partners. This has made it possible to have a better understanding of the concerns of members of civil society and thus a better response to their specific needs and requirements. It also helps in exposing UNCTAD work to a broader segment of stakeholders and to building synergies between intergovernmental requirements and those of civil society. Furthermore, it has enabled UNCTAD to operate more flexibly in reaching out to non-governmental stakeholders through dissemination of UNCTAD work via a number of informal channels using the network of NGOs' associated institutions and actors, and to take advantage of their informal meetings and dialogue. Projects on TRIPS, and trade and environment, financed by the United Kingdom's Department for International Development, exemplify UNCTAD cooperation with non-governmental entities.

D. Evolution in development aid

10. Trade-related technical assistance and technical cooperation activities in UNCTAD have also been influenced by the evolution in the overall aid strategy. While strategic and foreign policy concerns continue to be a determinant for the overall aid policy of some donors, there has been a reversal in the aid policy of the majority of donors with regard to development aid. In the design of aid budgets, the focus is increasingly placed on poverty reduction. Aid strategies are increasingly based on the broader perspective of sustainable growth and development. In the reformulation of aid strategies issues pertaining to trade and investment have also been analysed from that perspective. Donor countries are placing greater emphasis on assisting developing countries in enhancing their trade performance. Also, prominence has been given to trade and investment-related issues in donors' programmes aimed at poverty reduction (see boxes 1 and 2).

Box No. 1
Strengthening trade capacity for development

Among measures to provide practical steps for inclusion of trade-related technical assistance to development aid, the OECD Development Assistance Committee's Guidelines on Strengthening Trade Capacity for Development were developed and published in early 2001.

The guidelines provide a platform for OECD member countries to promote the integration of developing countries into the world trading system by:

(a) Assisting partner countries to build trade capacities, enhance their trade performance and participate effectively in the rule-making and institutional mechanisms that shape the global economy;
(b) Supporting partner countries' efforts to mainstream trade as a part of their national development and poverty reduction strategies;
(c) Placing the private sector at the centre of efforts to build a trade policy process;
(d) Fostering commitments among country-level aid managers for trade development and providing them with sufficient support to undertake trade capacity building activities;
(e) Helping strengthen partner countries' ability to assume a leadership role in their development process and to sustain that process;
(f) Ensuring that trade capacity building activities are comprehensive in scope and integrated in execution;
(g) Ensuring, in collaboration with the core agencies of the Integrated Framework for Trade-related Technical Assistance, that trade capacity building activities are implemented and coordinated effectively in accordance with partnership principles;
(h) Working actively with the trade community to help integrate development perspectives into trade policy formulation and implementation;
(i) Improving information sharing and coordination among bilateral and multilateral donors in this area;
(j) Ensuring that bilateral activities support partners' countries outward-oriented regional cooperation strategies.

E. Supply and demand

11. Notwithstanding the focus on capacity building, technical cooperation in UNCTAD has definable supply and demand functions. While many countries in various regions have benefited from the technical assistance activities of UNCTAD, clearly the availability of resources, countries/regions' needs and their state of economic development were among the main factors that dictated the extent and structure of the services provided. On the demand side, the beneficiary commitment to the process of implementation and the follow-up of activities are among the major factors. Beneficiary retention of the results is, however, dependent on budgetary provisions to maintain and utilize the capacity created through technical cooperation. On the supply side, the availability of resources and the absorption capacity of UNCTAD for delivery are important factors. The nature and extent of the technical cooperation that UNCTAD can provide are also dependent on achieving coherence between analytical work, operational activities and deliberative work. Complementarities and trade-off between the analytical work of the secretariat and technical cooperation must be carefully weighed.

Box No. 2
Trade-related capacity building
Perspective of a bilateral donor: case of the United Kingdom

In 2002 the United Kingdom began putting into effect the commitments made in its December 2000 White Paper entitled "Eliminating World Poverty: Making Globalisation Work for the Poor". This included a commitment to double support for trade-related capacity building (TRCB) to £30 million between 2001 and 2004.

The United Kingdom undertakes TRCB both bilaterally and through multilateral partners such as the United Nations – including UNCTAD – the World Bank, WTO, ITC and the Commonwealth Secretariat.

It also works with a range of partners to identify, develop and promote best practice. It endorses the OECD Development Assistance Committee's Guidelines on Trade Capacity for Development and has produced an accompanying practical guide to planning trade-related technical cooperation programmes.

A key component of its TRCB strategy in 2001 was to promote the mainstreaming of trade into development strategies through support for the relaunch of the Integrated Framework through the Pilot Scheme. Mainstreaming trade – ensuring that national trade strategies are securely integrated within nationally owned development strategies such as Poverty Reduction Strategy Papers or United Nations Development Assistance Frameworks – has two key benefits:

1. It encourages a holistic approach to trade liberalization, with trade development and complementary policies planned in parallel and linked to longer-term strategies for poverty reduction; and
2. It facilitates a coordinated and coherent approach by all actors. Bilateral and multilateral TRCB partners can develop with the country concerned programmes of assistance that are prioritized according to a common assessment and sequenced according to the capacity of the country to absorb and manage them.

The United Kingdom recognizes that success requires a willingness by bilateral donors and multilateral agencies to be objective about what is needed, to listen to country partners and to communicate and work together.

F. Allocation of resources: value added

12. Effective resource allocation for technical cooperation needed to address the question of the value added of UNCTAD operational activities. In this connection, four stages were followed, including: (a) identification of needs (by beneficiaries, as described above), having in mind that the real objective of know-how transfer is capacity building and self-sufficiency; (b) exercising a high level of selectivity, by focusing on priority areas in which UNCTAD can make a difference; (c) priority setting, i.e. giving priority, as mandated by the UNCTAD X Plan of Action, to activities in favour of least developed countries and countries with the greatest needs; and (d) application of implementation modalities and mechanisms, taking fully into account previous discussions on partnership. With regard to implementation modalities, particular attention was given to achieving: (a) economies of scale, i.e. focusing on areas where several issues could be addressed simultaneously and thus benefiting a large number of countries and regions; (b) economies of accumulation, in which the secretariat maximized the use of existing in-house expertise and analytical work; and (c) economies of political feedback, in which the deliberation of intergovernmental bodies could be fed into operational activities.

G. Internal review

13. Notwithstanding achievements and progress made in technical cooperation delivery, an ongoing effort is required in order to make technical cooperation more responsive to beneficiaries' requirements and donors' concerns. To continue to meet the challenges in the area of technical cooperation management and delivery in the context of further refining, streamlining and focusing the organization's work programme in the period leading up to UNCTAD XI and beyond, the Secretary-General of UNCTAD initiated in September 2001 an internal review of procedures and arrangements governing UNCTAD technical cooperation. This task was entrusted to a team of UNCTAD staff members, who consulted with a wide cross-section of staff members involved in technical cooperation, as well as selected international agencies. The review took as its point of departure the numerous achievements of UNCTAD technical cooperation, and focused on problem areas as identified by previous reviews and staff members consulted. The team paid special attention to those issues which it believed could pose challenges to the sustained delivery of effective and efficient technical cooperation by the organization. It identified "core problems" under four major headings: organizational arrangements; management practices; relations with beneficiaries, donors and agencies; and technical cooperation mandate and strategy.

14. In charting their causes and impact in a systematic manner through the review, the team was able to highlight the main needs to be addressed by UNCTAD in the coming years under each heading. This sets the scene for a number of integrated and prioritized recommendations to consider in deciding follow-up action at the strategic, immediate operational and longer-term associated levels. In particular, the team sought to arrive at recommendations that could help UNCTAD assist developing countries in strengthening their productive capacity through further linking of its different technical cooperation activities. As UNCTAD occupies an area which has not been adequately treated by any other organization, it is faced with the challenge of better integrating those activities.

15. The report of the Internal Review Team was completed in March 2002. Its key findings were brought to the attention of member States in the context of the Mid-Term Review. Internal consultations are under way to implement the recommendations of the review.

H. Financial sustainability of selected programmes

ACIS

16. The cornerstone of ACIS sustainability efforts is the maintenance contracts. Each transport operator using ACIS is invited to sign a maintenance contract amounting to approximately $25,000. In the COMESA subregion five railways and two ports commissioned RailTracker and PortTracker in June 2001, effectively handing over the operational systems to the beneficiaries in Uganda, Kenya, the United Republic of Tanzania and Zambia. Subsequent to commissioning and in order to ensure the sustainability of projects, a one-year renewable maintenance contract between the beneficiary railways and UNCTAD was signed. Operators themselves fund these contracts.

ASYCUDA

17. During 2001 a regional ASYCUDA user meeting and a number of national users meetings were held, which gave valuable advice about the experience with and future directions for ASYCUDA as seen by beneficiary countries. The Advisory Group on ASYCUDA, which met in July 2001, also made a number of useful suggestions about the further evolution of the programme. At the present time there are sufficient funds in national ASYCUDA projects to provide sufficient support for the central ASYCUDA programme team. However, in certain regions, particularly the Caribbean, there remains the need for additional support to enable the secretariat to provide a fully effective back-up and maintenance service. The financial sustainability of ASYCUDA in those regions thus needs to be closely monitored, with the direct involvement of ASYCUDA user countries and interested donor support.

DMFAS

18. Maintaining the country installations and provision of continuing technical cooperation services depend on the long-term financial sustainability of the DMFAS programme. In order to address the difficulties associated with cash flow, which in particular affect the financing of central operations and contracts for central staff, and cost sharing, the Advisory Group on DMFAS agreed to establish a replenishable DMFAS trust fund to cover the costs of the central programme. The period covered is 2002–2005. The trust fund was established in 2002. The third meeting of the Advisory Group on DMFAS is scheduled to be held in September 2002, and the Working Party will be informed of its outcome.

I. Indicative Plan

19. In accordance with the Bangkok Plan of Action, the secretariat prepares annual indicative plans for technical cooperation. The Indicative Plan for 2003 is contained in document TD/B/49/5-TD/B/WP/152. It includes ongoing projects expected to continue through 2003 and projects proposed as a result of specific requests addressed to the secretariat.

II. OVERVIEW OF ACTIVITIES IN 2001

A. Main areas of delivery

20. Within the four main areas of its work, the principal service lines of UNCTAD technical cooperation are as follows:

- The Advance Cargo Information System (ACIS) is a world standard software aimed at providing operational and financial information so as to increase the transparency and efficiency of the transport sector.
- The Automated System for Customs Data programme (ASYCUDA) is a world standard software programme installed in more than 70 countries, aimed at the technical modernization of customs, including the automation and clearance of goods.
- The Commercial Diplomacy Programme provides training for trade negotiators, particularly in on-going WTO negotiations, from the development perspective. It also supports national/regional research and training institutions on international trade issues.
- The Commodity Diversification Programme aims at promoting the horizontal, vertical and geographical diversification of commodity production and trade structures, and strengthening positive linkages.
- The programme on competition law and policy provides assistance to countries in formulating or reviewing competition policies and legislation, contributing to a better understanding of the issues involved and building national institutional capacity. It also supports the effective participation of developing countries in WTO-related negotiations on competition issues.
- The programme on dispute settlement provides training and capacity building with regard to rules and procedures for dispute settlement in the areas of trade, investment and intellectual property.
- The Debt Management and Financial Analysis System (DMFAS) is a world standard software system installed in about 60 countries, encompassing over 30 per cent of total developing countries' outstanding debt.
- The programme on electronic commerce aims at assisting countries in identifying policies and strategies for benefiting from e-commerce, thus alleviating the widening of the international digital divide.
- The EMPRETEC programme aims at improving the growth and international competitiveness of small and medium-sized enterprises (SMEs) and at stimulating entrepreneurial potential. It promotes the creation of sustainable support structures that help promising entrepreneurs build innovative and internationally competitive SMEs.
- The programme on international investment agreements supports the process for negotiating international investment agreements at the bilateral, regional and multilateral levels and assists developing countries in the context of negotiations on a possible multilateral investment agreement in WTO.
- The programme on investment capacity building/investment policy reviews is designed to enhance the attractiveness of a host country for foreign investment. It provides external tools to assess how a country stands at a particular time in terms of attracting FDI in accordance with its national development objectives.

- The programme on investment guides for least developed countries reduces the information gap regarding investment opportunities in LDCs by providing potential investors with relevant information on investment conditions and opportunities in these countries.

- The programme of on trade, environment and development aims at identifying policies to address major constraints faced by developing countries in the trade/environment nexus in responding to environmental challenges, and at supporting their effective participation in international deliberations on this issue, in particular in the context of WTO.

- The trade facilitation programme aims at identifying the required improvements to the physical features of existing transport networks and eliminating whenever possible any barrier that might increase transaction costs and create unnecessary delays. In the implementation of the programme there is a particular focus on landlocked and transit countries.

- The programme on trade negotiations and integration into the international trading system provides advice and training in building the capacity of countries in trade negotiations and for the implementation of the results, in particular the framework of the WTO, with a view to enabling those countries to better integrate into the international trading system.

- The technical cooperation being provided under the trade preferences and regional integration programme enables developing countries to take advantage of market access possibilities through the optimum utilization of preferential trade arrangements and better familiarization with the trade laws and regulations governing market access conditions.

- The programme on training/human resources development provides structured training programmes for trade (TRAINFORTRADE) and maritime transport (TRAINMAR – Port Management Certificate), including development of training modules, training of trainers and strengthening of national/regional training capacities through networking and distance learning. The scope of the programme is being extended to other UNCTAD training activities.

21. LDCs continued to be the major beneficiaries of UNCTAD technical cooperation. Expenditures on technical cooperation in favour of LDCs amounted to $10 million in 2001. Their share in overall expenditures on technical cooperation remained at the level of 2000, i.e. 43 per cent. This amount is exclusive of the generous contribution of 4.5 million euro by the European Commission for the organization of LDC III and the travel of representatives from LDCs and of other officials to the Conference. In the earlier part of the year activities concentrated on the continuation of the preparatory process for the Conference. Activities related to the preparatory process were financed by substantial contributions from bilateral donors and the European Union. Major pre-Conference activities carried out in 2001 include organization of the second and third intergovernmental preparatory meetings, organization of three NGO regional preparatory meeting; and organization of a number of thematic meetings in different countries on mainstreaming gender (South Africa), tourism development (Spain), energy (Austria), infrastructure development (Germany) and enhancing productive capacity (Norway). During LDC III a multi-agency initiative (UNCTAD, UNIDO, FIAS and MIGA) on promoting and facilitating investment in LDCs was announced. Italy pledged a contribution of 900,000 euro to this initiative.

22. Activities in support of economic cooperation among developing countries were pursued in the implementation of a majority of programmes. They are also built into part of certain projects. Implementation of a growing number of global and interregional programmes, while catering for economies of scale, also helps to promote this objective.

B. Trends in the mobilization of resources and in expenditures

23. UNCTAD technical cooperation activities continue to be financed from three main sources: trust funds, UNDP and the programme budget of the United Nations. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, NGOs, the enterprise sector and foundations. Contributions to trust funds by developing countries and countries with economies in transition take the form of general support or self-financing arrangements. The latter are in support of individual country projects and are generally financed either from domestic budget resources or by utilising the proceeds of loans or grants from the World Bank and regional development banks. UNDP support is provided through country, regional and global programmes. Programme budget resources are provided under the regular programme of technical cooperation, and the Development Account, respectively Sections 21 and 33 of the United Nations Programme Budget.

24. In 2001 contributions to UNCTAD trust funds amounted to $18 million, reflecting a decrease of 3.5 per cent compared with the previous year (see Table 1 and Chart 1). Contributions by developed countries accounted for 60 per cent of contributions to the trust fund and amounted to $10.7 million, reflecting a contraction of 19 per cent as compared with the previous year. The decrease in the percentage should not, however, be construed as a lower level of support by developed countries to UNCTAD technical cooperation programmes, since this figure is distorted by the 70 per cent increase in the amount of contributions recorded for the year 2000. In fact, the amount of contributions for 2001 exceeded the amounts recorded since 1997, with the exception of 2000. Moreover, this amount is exclusive of part of the support provided in connection with the preparatory process for LDC III.

Table 1

UNCTAD trust fund contributions, 1995–2001
(In thousands of US dollars)

	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*
Developed countries' contributions	10 906	12 732	5 991	9 373	7 863	13 312	10 744
of which associate experts	*(672)*	*(518)*	*(873)*	*(729)*	*(505)*	*(632)*	*(1 100)*
Developing countries – general contribution	218	1 012	996	624	1 195	639	378
Developing countries – self sustained [b]	2 096	2 229	1 092	2 070	938	2 330	4 819
European Commission	4 123	5 634	3 821	3 527	1 139	675	551
Other multilateral [c]	297	272	905	1 055	1 758	594	956
Foundation/miscellaneous	243	135	464	557	742	1 127	589
Total	**17 883**	**22 014**	**13 270**	**17 207**	**13 635**	**18 677**	**18 037**

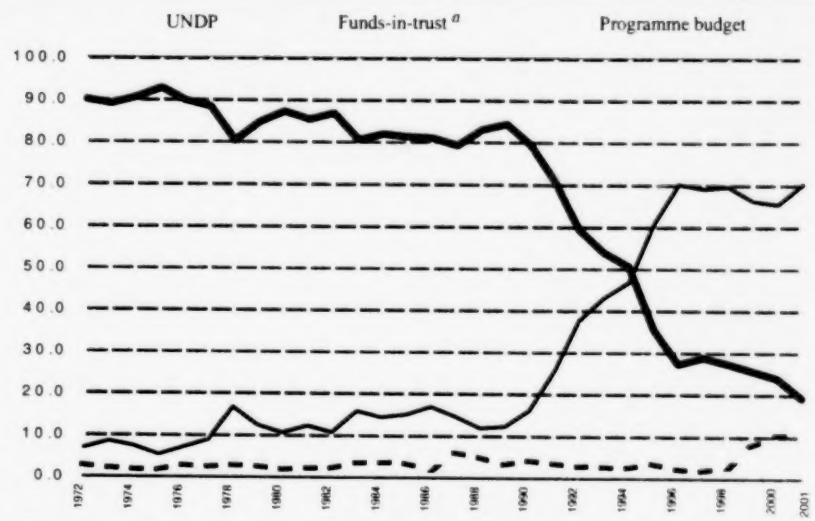
[a] Exclusive of third-party cost-sharing contributions through UNDP.

[b] For activities in their own countries, financed from domestic budget resources or through loans from the World Bank and regional development banks.

[c] For details see table VII of the statistical annex (TD/B/49/4/Add.2 - TD/B/WP/151/Add.2).

Chart 1

Trends in mobilization of UNCTAD's technical cooperation, by source of funds, 1972–2001
(Percentage of total yearly contribution)



a Includes expenditures for the United Nations Fund for International Partnerships and Associated Experts.

25. The share of direct financing by developing countries for UNCTAD's technical cooperation continued to increase and amounted to $4.8 million in 2001, an increase of 106 per cent compared with the previous year. As a result, the share of contributions accounted for 26.7 per cent of total trust fund contributions. The corresponding figure for 2000 was 12.4 per cent. The increase in "self-sustained" or self-financing contributions is attributable to the substantial contributions by Botswana, the Palestinian Authority, Niger and Uganda in support of customs reforms and installation of ASYCUDA; by Chad, Gabon and Mongolia in support of debt sustainability and installation of DMFAS; and by Pakistan in support of the transport sector.

26. Contributions by multilateral donors accounted for 8.4 per cent of total contributions to trust funds and recorded an increase of 16 per cent compared with 2000. This amount is exclusive of the sum of 4.5 million euro provided by the European Commission for LDC III (see paragraph 21).

27. Four new project proposals under the third tranche of the Development Account, with a total budget of $2.7 million, for implementation by UNCTAD were approved by the United Nations General Assembly in 2001. The projects are for: (a) capacity building on key issues on the international economic agenda; (b) capacity building in developing countries to attract and benefit from international investment; (c) capacity building through training in dispute settlement in international trade, investment and intellectual property; and (d) institutional capacity building for competition law and policy. Implementation of these projects started in early 2002. Currently, a total of nine projects under the Development Account are being implemented by UNCTAD.

28. UNCTAD technical cooperation expenditures from all sources amounted to $23.2 million in 2001, reflecting a 3.7 per cent decrease in delivery compared with 2000 (see Table 2 and Charts 2 and

3). This decrease in expenditures is largely due to a 22.4 per cent contraction in expenditures on UNDP-supported projects. Thus, the downward trend in the share of UNDP in overall expenditures of UNCTAD technical cooperation that started in the early 1990s continued, reaching less than 20 per cent in 2001. Trust fund expenditures decreased by 2 per cent in 2001. However, the share of actual project expenditures in overall expenditures from contributions increased, reaching 70 per cent in 2001, as compared with 65 per cent in 2000. Expenditures from the regular budget on technical cooperation remained at the level of 2000.

Table 2

UNCTAD's total expenditures on technical cooperation, and source of funds, 1990, 1995–2001
(In millions of US dollars)

	1990	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*
UNDP	17.4	7.8	6.1	6.8	6.0	6.5	5.8	4.5
Trust funds	3.6	13.4	15.8	16.1	15.2	16.9	15.8	16.3
Programme budget	0.6	0.8	0.5	0.4	0.6	2.0	2.5	2.4
TOTAL	**21.6**	**22.0**	**22.4**	**23.3**	**21.8**	**25.4**	**24.1**	**23.2**

Chart 2

Origin of trust fund contributions, 2001
(Percentage of total contribution)

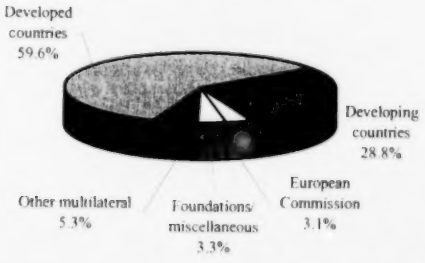
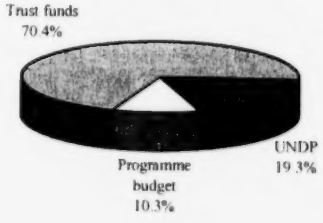


Chart 3

Expenditure by source of funds, 2001
(Percentage of total expenditure)



29. In 2001, major UNCTAD programmes in order of expenditures were: ASYCUDA, trade logistics, DMFAS, trade negotiations and commercial diplomacy, and investment policy and capacity building (see table 3).

Table 3

Project expenditures by Division/Programme, as of 31 December 2001
(In US dollars)

Division/Programme	*UNDP*	*Trust funds*	*Programme budget*	*Total*	
				Amount	*%*
GDS: Total	***421 261***	***1 711 718***	***162 650***	***2 295 629***	***9.9***
Macroeconomic and development policies	-	158 236	-	158 236	0.7
DMFAS programme	425 372	1 427 310	162 650	2 015 332	8.7
Special programmes	-4 111	126 172	-	122 061	0.5
DITC: Total	***482 309***	***3 250 773***	***1 086 098***	***4 819 180***	***20.8***
Trade analysis	21 280	351 693	-	372 973	1.6
Trade negotiations and commercial diplomacy	284 281	1 185 626	522 177	1 992 084	8.6
Commodities	3 000	123 555	563 921	690 476	3.0
Trade, environment and development	71 108	1 126 298	-	1 197 406	5.2
Competition law and policy and consumer protection	102 640	463 601	-	566 241	2.4
DITE: Total	***423 107***	***2 850 678***	***-***	***3 273 785***	***14.1***
Investment issues analysis	66,388	423 377	-	489 765	2.1
Investment policies and capacity building	269,632	1 591 684	-	1 861 316	8.0
Technology and enterprise	87,087	835 617	-	922 704	4.0
SITE: Total	***2 541 436***	***5 787 806***	***294 364***	***8 623 606***	***37.2***
Trade logistics	723 719	1 290 757	-	2 014 476	8.7
ASYCUDA	1 772 442	3 636 505	-	5 408 947	23.4
Information and training	-	120 116	-	120 116	0.5
Human resource development	-	203 286	-	203 286	0.9
TRAINFORTRADE	-	381 849	-	381 849	1.6
Trade Points	45 275	155 293	-	200 568	0.9
Electronic commerce	-	-	294 364	294 364	1.3
LDCs: Total	***107 246***	***2 154 759***	***-***	***2 262 005***	***9.8***
EDM: Total	***495 043***	***535 073***	***847 576***	***1 877 692***	***8.1***
GRAND TOTAL	**4 470 402**	**16 290 807**	**2 390 688**	**23 151 897**	**100.0**

30. There have been some changes in the pattern of geographical distribution of activities (see table 4 and chart 4). Project expenditures in Africa, and Asia and the Pacific contracted, their share for Africa falling from 21.6 per cent in 2000 to 18.3 per cent in 2001 and for Asia from 18.8 to 16 per cent. This decrease is due to the fact that a number of projects were completed; certain projects had reached the maturity phase; and new projects were initiated only in 2001, and had therefore not reached the phase of full implementation. There has been an increase in project expenditures in Latin America and the latter's share of overall expenditures increased from 5.7 per cent in 2000 to 7.9 per cent in 2001.

Table

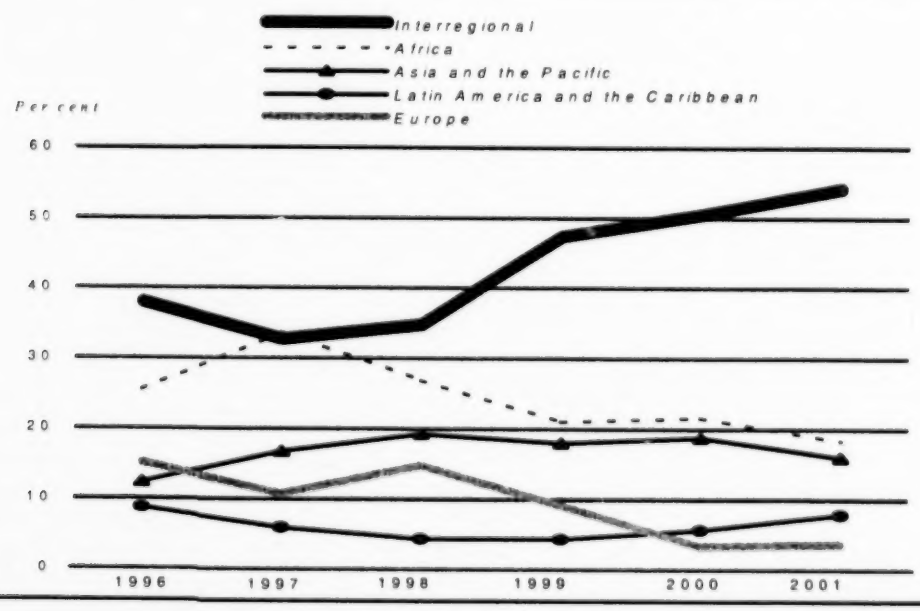
Technical cooperation expenditure, by region and by programme, 2001
(In thousands of US dollars)

	1998	*1999*	*2000*	*2001*	
	Amount	*Amount*	*Amount*	*Amount*	*%*
Total	**21 833**	**25 409**	**24 184**	**23 152**	100.0
By region:					
Africa	5 864	5 344	5 219	4 232	18.3
Asia and the Pacific	4 208	4 576	4 534	3 696	16.0
Latin America and the Caribbean	953	1 110	1 376	1 820	7.9
Europe	3 227	2 338	845	851	3.7
Interregional	7 606	12 040	12 211	12 553	54.2
By programme:					
Globalization and Development Strategies	3 070	2 903	2 353	2 296	9.9
International Trade in Goods and Services, and Commodities	2 968	3 539	4 232	4 819	20.8
Investment, Technology and Enterprise Development	2 918	3 948	3 346	3 274	14.1
Services Infrastructure for Development and Trade Efficiency	11 377	10 668	9 720	8 624	37.2
Least Developed, Landlocked and Island Developing Countries	432	936	2 439	2 262	9.8
Cross-Divisional Advisory Services [a]	-	2 001	1 269	848	3.7
Executive Direction and Management and Support Services	1 067	1 415	826	1 030	4.4
of which: LDCs	*8 212*	*10 126*	*10 492*	*10 000*	*43.0*

[a] Expenditure under this item was included in the past in the expenditure of Executive Direction and Management.

Chart 4

Technical cooperation expenditure, by region, 1996–2001
(Percentage of total yearly contribution)



III. SELECTED PROGRAMMES

31. To illustrate UNCTAD's approach to technical cooperation involving capacity building and cooperation with other organizations, the following paragraphs provide information on cross-divisional capacity-building activities focusing on LDCs, Africa and low-income countries and are good examples of UNCTAD's cooperative efforts with other organizations.

A. Joint Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries (JITAP)

32. This programme enhances the development opportunities of the beneficiary African country partners (Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and the United Republic of Tanzania), through their more effective participation in the multilateral trading system. JITAP's three main interrelated objectives are: (a) to build the capacity of partner countries to understand the evolving multilateral trading system and its implications for external trade, and in turn, prepare for and participate effectively in ongoing and new multilateral trade negotiations; (b) to adapt the national trading environment to the obligations and disciplines of the new multilateral trading system; and (c) to seek maximum advantage from the multilateral trading system by enhancing the readiness of exporters. In promoting these goals, JITAP is implemented jointly by ITC, UNCTAD and WTO via an integrated cluster of activities.

33. As a result of the mid-term evaluation of the programme, since September 2001 there has been a reorientation of and focus on capacity-building activities in the areas of trade negotiations, human resource development, export strategies, and networking among JITAP partners. A summative evaluation has already been conducted with a view to assessing progress made since September 2001 and providing recommendations on the future of JITAP. The outcome of this evaluation will be reviewed at a meeting of the JITAP Common Trust Fund Steering Group in June 2002. The continuation and extension of JITAP will be decided on the basis of this review. The Working Party will be informed of the results.

B. Integrated Framework for Trade-related Technical Assistance (Integrated Framework)

34. The Pilot Scheme was launched with a view to initiating the implementation of the new arrangements for the Integrated Framework, which focuses on mainstreaming trade into the national development plans and strategies of the least developed countries, and was initially to be implemented in Cambodia, Madagascar and Mauritania. The process of mainstreaming involves: (a) carrying out a diagnostic trade integration studies (DTIS); (b) organization of a national workshop to review their findings and policy recommendations, including technical assistance action matrices; (c) endorsement by the country of the policy recommendations and a technical assistance action plan, and subsequent incorporation into the country's Poverty Reduction Strategy Papers (PRSPs); (d) submission of the technical assistance action plan to the country's World Bank Consultative Group or UNDP Round Table meeting for consideration and financing; and (e) responses by the six core agencies and donors in the following up and implementation of specific technical assistance projects under the action plan. The lead agency for the preparation of DTIS for three initial studies was the World Bank. The work was completed in December 2001. UNCTAD contributed to these studies and participated in the work of the national workshops. Project proposals in support of technical assistance action plans were prepared and sent to the relevant Governments for consideration and resource mobilization for their implementation.

35. The Pilot Scheme has been extended to cover 11 more countries: Burundi, Djibouti, Ethiopia, Eritrea, Guinea, Lesotho, Malawi, Mali, Nepal, Senegal and Yemen.

36. For the implementation of the Pilot Scheme, the Integrated Framework Trust Fund was established in 2001. It is managed by UNDP and as of early June 2002 had attracted contributions amounting to $10.2 million. Resources are used primarily for the mainstreaming process and not for implementing projects other than in limited and exceptional cases. A review of the Integrated Framework will be carried out in early 2003.

C. UNCTAD/UNDP Global Programme for Globalization, Liberalization and Sustainable Human Development

37. Launched in 1998, this flagship partnership between UNCTAD and UNDP seeks to strengthen the ability of developing countries, particularly low-income countries, to manage their integration into the global economy in a manner supportive of sustainable human development, while avoiding the pitfalls of marginalization, economic insecurity and instability. The programme operates at the global and country levels. In 2001/2002 the following countries participated in the Programme: Jamaica, Mali and Tunisia. In 2002/2003 the programme intends to cover Bolivia, Burkina Faso, Ecuador, Indonesia, Jordan, Morocco, Romania, Senegal, Turkey, the United Republic of Tanzania and Viet Nam. The programme's activities aim at preserving a policy space for developing countries through developing an interface between WTO negotiations, policy and institutional analysis, and action at the country level. This work takes fully into account the Millennium Development Goals and provides a platform for cooperation with initiatives such as the Integrated Framework and JITAP. It also seeks to converge with the PRSPs. In addition to the support from UNDP, the programme receives support from the Governments of Belgium and Italy.

D. UNCTAD post-Doha programme on capacity building and technical cooperation

38. In support of the participation of developing countries and countries with economies in transition in the WTO Doha Work Programme, immediately after the Fourth WTO Ministerial Conference extensive consultations were held with these countries to identify their specific needs for technical cooperation. On the basis of those consultations, the UNCTAD Programme on Capacity Building and Technical Cooperation in Support of the WTO Doha Work Programme was developed in early 2002. It contains projects in the areas of trade, investment, trade facilitation and electronic commerce with activities revolving around (a) policy analysis, (b) human resources capacity building, and (c) institutional capacity building. Special attention has been given to the needs of LDCs. To ensure effective implementation of the programme, a wide range of partners, including WTO, have been invited to join UNCTAD in carrying out its activities. The programme should be carried out in parallel with the WTO work programme and its technical cooperation support to potential beneficiaries. WTO, as a rule-based organization for international trade affecting all countries, advises on the management of the agreements arising from trade negotiations and on the Doha Work Programme, and provides training focusing in particular on legal aspects of the WTO agreements. UNCTAD as a development-oriented organization, cutting across the entire spectrum of trade negotiations, focuses on institutional capacity building within its areas of competence and implements human resources development programmes that are related to WTO negotiations and have a strong development content. Timely implementation of the programme is constrained by resource restrictions.

IV. EVALUATION

39. The preparation of in-depth evaluation studies on UNCTAD technical cooperation programmes has continued. In line with the Working Party decision, the in-depth evaluation will be a thematic one and will focus this year on capacity building. The report will be submitted to the Working Party in September. In addition, the Working Party will consider, in accordance with the established practice, three reports dealing with the implementation of recommendations arising from previous in-depth evaluation reports. They relate to the Trade Point Programme, EMPTRETEC and TRAINMAR. A detailed report will be presented by the secretariat on each of these items.

V. CONCLUSIONS AND RECOMMENDATIONS

40. Trade-related technical cooperation will have a limited scope if it is not provided in parallel with other supportive measures. To be more effective, efforts to support trade-related technical assistance to developing countries should be accompanied by corresponding support to enhance their productive capacity, competitiveness and market access measures, and to promote removal of barriers to their exports. The benchmark by which to measure the impact of technical assistance, with its built-in focus on capacity building, is in the long run decreased reliance on such assistance and consequently a reduced need for development aid. Therefore, enhanced and meaningful cooperation and coordination of activities between international development institutions, the donor community and providers of trade-related technical assistance is required. This not only creates synergy and avoids duplication, but also ensures a holistic and a well-sequenced approach to all-encompassing trade, investment and development issues.

41. More than three quarters of development aid to developing countries is spent bilaterally. The result of this bias is that many multilateral aid programmes that could make an effective contribution to the development process are underfunded. This is particularly important with regard to the distribution of aid for providing trade and investment-related technical assistance in which the multilateral programmes have demonstrated their cost-effectiveness.

42. The UNCTAD X Plan of Action requires that an annual indicative plan of technical cooperation programmes be submitted to member States. Three such plans have been prepared since 2000. Experience so far, however, points to the fact that they failed to produce the results that were expected from them. Such results can only be expected when annual plans are underpinned with untied financial resources that are of sufficient magnitude and known in advance. This has not been the case in UNCTAD. The Board may wish to reconsider the continuation of this exercise.

43. The implementation of the post-Doha programme on capacity building and technical cooperation requires the full cooperation of the intergovernmental organizations involved in trade-related technical cooperation according to their respective mandates, expertise and comparative advantage. Available resources should be shared accordingly. The very positive cooperative spirit demonstrated in the implementation of JITAP by UNCTAD, WTO and ITC could serve as an example for the future. Other relevant United Nations organizations, such as the regional economic commissions, will be invited to support the programme.

44. With the exception of that of the World Bank, which is the lead agency for conducting diagnostic studies in the context of the Integrated Framework, the contribution of all other core agencies, including that of UNCTAD, has been minimal and UNCTAD's role has been confined to commenting on draft studies. To improve the quality of diagnostic studies, a greater involvement of

other core agencies in their areas of competence, particularly those that, like UNCTAD, have a research capacity, is most desirable. Therefore, UNCTAD should be able to draw on resources of the Integrated Framework to be able to play the role expected of it as a core agency. Moreover, with reference to the implementation of the revamped Integrated Framework, and with a view to ensuring continuity, it is proposed that part of the resources of the Integrated Framework trust fund be utilized to initiate technical assistance activities identified in the diagnostic studies, pending organization of the World Bank Consultative Groups and UNDP Round Tables, the fund-raising mechanism for implementation of technical assistance action plans.

45. With regard to the future focus, the short-term technical cooperation work in UNCTAD for 2002 and beyond will be influenced by services to be provided in the context of post-Doha programme of work, and activities in support of the outcome of LDC III and of the outcome of the forthcoming World Summit on Sustainable Development (WSSD).

46. Overall, contributions in support of the achievement of Millennium Development Goals (MDGs), particularly with reference to its targets 12 to 15 (dealing with issues related to interlinkages between trade negotiations and development, debt sustainability and trade facilitation, with emphasis on landlocked countries), will guide the implementation of UNCTAD's operational activities. In that connection, at the time of the preparation of this report (June 2002) work was initiated to put together a programme of technical cooperation in support of MDGs, with the participation of the relevant United Nations departments, including regional economic commissions. The programme to be formulated will be based on a cross-sectoral approach within UNCTAD. It will be linked to the outcomes of the International Conference on Financing for Development, the Fourth WTO Ministerial Conference and the WSSD. Emphasis will be placed on LDCs and countries with the greatest needs.